GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1326
ANSWERED ON:18.07.2014
SIT ON BLACK MONEY
Chaudhury Shri Jitendra;Gandhi Dr. Dharam Vira;Godse Shri Hemant Tukaram;Khan Shri Md. Badariddoza;Mann Shri Bhagwant;Patil Shri Kapil Moreshwar;Sampath Shri Anirudhan;Vichare Shri Rajan Baburao

Will the Minister of FINANCE be pleased to state:

(a) whether the Government investigations against the individuals that had bank accounts in Liechtenstein banks and whose names were disclosed by Germany to India, have since been concluded;

(b) if so, the details and the outcome thereof;

(c) whether the terms of reference notified by the Government allow Special Investigation Team (SIT) on black money to proceed further against those account holders in Liechtenstein banks and review the investigation which had already been concluded against them; and

(d) if so, the details thereof and if not, the reasons therefor ?

Answer

FINANCE MINISTER (SHRI ARUN JAITLEY)

(a) In March 2009, information regarding deposits/outstanding amounts in the accounts maintained by 12 trusts/entities with LGT Bank in Liechtenstein was obtained from the German Tax Authorities under the Double Taxation Avoidance Agreement (DTAA) between India and Germany. The 12 trusts/entities involved 26 individuals of Indian origin/ nationality. Appropriate action under direct tax laws in these cases, including assessment of income, initiation of penalty and prosecution proceedings, wherever applicable, has been taken.

(b) Out of the 26 individuals, 6 individuals were found to be non-residents during the relevant period and therefore, the proceedings initiated under the Income Tax Act, 1961 [the Act] were dropped. In the case of another trust created by an individual and having 3 beneficiaries including him, reassessment proceedings were dropped in case of other two beneficiaries and income was brought to tax in the hands of creator of the trust. Assessments were completed in 18 cases bringing to tax an amount of Rs.37.58 crore which was attributable to such undisclosed foreign accounts, raising a tax demand of Rs.24.24 crore. Penalties of about Rs.14 crore have been levied under section 271(1)(c) of the Act. Prosecution for willful attempt to evade tax under section 276C(1) of the Act was launched against 17 persons. One person has since expired.

(c) Yes, sir. By order dated 04.07.2011 in Writ Petition (Civil) No. 176 of 2009, Hon'ble Supreme Court, inter alia, directed:

"That the Special Investigation Team, constituted pursuant to the orders of today by this Court, shall take over the matter of investigation of the individuals whose names have been disclosed by Germany as having accounts in banks in Liechtenstein, and expeditiously conduct the same. The Special Investigation Team shall review the concluded matters also in this regard to assess whether investigations have been thoroughly and properly conducted or not, and on coming to the conclusion that there is a need for further investigation shall proceed further in the matterâ€¦â€¦â€¦â€¦."

(d) Details are as per reply to part (c) above.